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Romania: An Untainted Interior Minister

Military prosecutor Doru Viorel Ursu, 36, was named Romania's Minister of Interior yesterday. His replacement of Gen. Mihai Chitac is both a concession to the demonstrators and an attempt by the Army to maintain its reputation as the nation's savior from dictatorship. The Army is anxious to separate itself from Chitac, who allegedly ordered troops to fire on anti-Ceausescu crowds last December. Ursu gained respect as presiding judge in the trial of Ceausescu's brother, who was also accused of firing on demonstrators. Ursu reportedly has offered to start a dialogue with student groups soon.

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ROMANIA: **Proregime Thugs Control Bucharest**

President Iliescu apparently has survived the gravest challenge to his regime since assuming power in December and is using vigilantes who support his National Salvation Front (FSN) to crack down on opponents.

Iliescu has called on groups of progovernment miners and workers to help restore order in Bucharest after police could not control demonstrators. Miners armed with clubs are attacking suspected protesters and looting.

Much of the violence has been random, but some appears planned. Militants who support the FSN have vandalized the offices of opposition parties and newspapers, in part to steal lists of employees and supporters whom the militants now are hunting down door-to-door, according to press reports. Employees at government-controlled printing houses yesterday refused to print major opposition papers, claiming they support "fascists" who threaten Romania's "new democracy."

Iliescu is taking other steps to tighten his control. Press reports indicate Interior Minister Chitac was removed for failing to control antiregime protesters Wednesday. Iliescu also has called for a purge of labor leaders who tried to stop workers from assisting the government and of military officers who want to keep the Army out of politics. The reformist Committee for the Democratization of the Armed Forces has been dissolved.

Comment: Iliescu's reversion to intimidation and witch hunts to cow the opposition will polarize Romania further and hurt relations with the West. The progovernment thugs probably will rampage until the regime is satisfied that dissent has been crushed and protest leaders have been arrested.

Iliescu's tactics jeopardize Romania's chances for aid from the West. Without such aid, Bucharest will exhaust its economic reserves and eventually be driven to choose between politically risky reforms and economic decline that would breed social tension and possibly disputes with Romania's neighbors.

Hardliners in the regime and military may be the main beneficiaries of the latest violence. Chitac and his police, the military's rival, have been made the scapegoat, while the FSN is praising the military's actions. Widespread purges of junior officers would increase the risk of destabilizing power struggles within the military.

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New Proposal on CSCE

CSCE Summit Meetings

To be held at least once every two years to discuss implementing the 1976 Helsinki Final Act and other CSCE agreements.

Council for Security and Cooperation in Europe

Foreign ministers to meet at least twice a year, permanent representatives possible monthly.

To coordinate activity of subordinate centers and institutions, consider specific problems of European security and cooperation and cooperation with other international organizations.

Permanent CSCE Secretariat

To be a small group in Prague for technical, organizational, and administrative functions.

Center for Confidence Building, Arms Control, and Verification

To coordinate CSCE confidence-building measures and verification procedures. To be located in Berlin.

Center for Conflict Prevention and Settlement

To collect information on potential conflict between states and recommend remedies for specific disputes.

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EASTERN EUROPE:

New Proposal for CSCE

The Foreign Ministers of Czechoslovakia, East Germany, and Poland have made a proposal for institutionalizing the CSCE process that may facilitate the dissolution of the Warsaw Pact.

The plan, submitted to other CSCE members on Tuesday, would establish a permanent CSCE secretariat, a council for security and cooperation, and centers for conflict resolution and for arms control, confidence building, and verification. The proposal, which allows continuation of NATO and the Warsaw Pact, reportedly supersedes a Czechoslovak plan that called for their eventual dissolution.

Comment: Western nations were lukewarm to Prague's earlier plan but are likely to view the new one as more realistic because it would allow for the continued existence of NATO. Most Western countries already favor elements of the new proposal, such as a crisis management center and a small, permanent CSCE secretariat, but some are not likely to support joint arms control inspections.

The cosponsors of the new plan reportedly said at the Pact summit last week their proposal would facilitate Europe's transition to a CSCE-based security order. Moscow views its own similar proposals for CSCE institutions as the path to dissolving both alliances. Czechoslovakia, however, probably would view any progress toward a CSCE with a more institutional structure as an incentive for abandoning the Pact. Poland, anticipating the Pact will eventually wither away, will press strongly for a greater role for CSCE—in addition to its first priority a border treaty with a united Germany—to guarantee its security.

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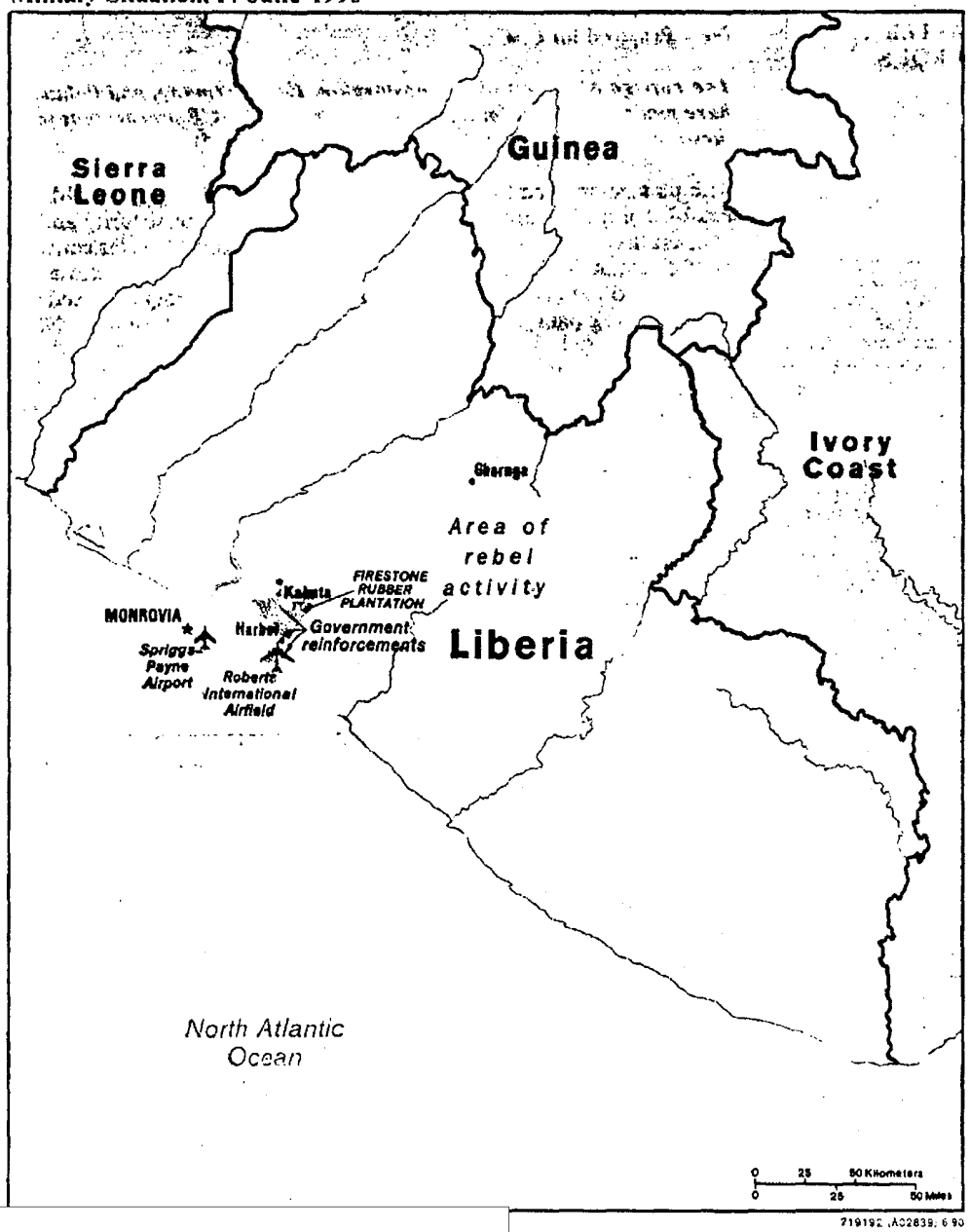
Military Situation, 14 June 1990



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LIBERIA: **Buying Time**

Peace talks are continuing despite little progress, and the government is attempting to strengthen its defenses to prevent a rebel advance toward Monrovia.

The government delegation to the talks in Sierra Leone proposed a mutual troop withdrawal yesterday as a first step to establishing a cease-fire. Rebel representatives say they will consider the proposal but continue to state that President Doe's resignation is a precondition to any rebel troop withdrawal or cease-fire.

Several thousand people carrying placards saying "America Come to Our Aid" and "Stop Tribalism" marched through Monrovia yesterday. They gathered at the US Embassy to read a statement calling on the international community—especially the US—to intervene by providing a peacekeeping force.

no new murders of civilians have been reported in the past day or two since the army stepped up security in Monrovia. Americo-Liberians and others still are being harassed, however, and Krahn soldiers reportedly continue to kill Gio and Mano troops.

Meanwhile, the army is trying to rally its defensive forces to halt further rebel advances. Officers have assembled roughly 1,000 newly recruited soldiers at the main barracks in Monrovia during the past several days, The army reportedly has posted about 700 troops near the Firestone rubber estate; some 300 to 400 soldiers are in the vicinity of Harbel and another 300 to 350 are stationed near Kakata. The army also has significantly increased its presence at Roberts International Airfield.

Comment: Both sides are likely to take advantage of any cessation of fighting during the peace talks to reinforce their positions. Although the government appears to be mustering large numbers of troops to defensive positions outside Monrovia, the army is likely to do little more than slow the rebel advance once it begins. Government pleas for the US to intervene probably will mount as the fighting gets nearer the capital.

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SOUTH KOREA: Seeking Credibility Through Legislature

President Roh probably will be conciliatory in his meeting with opposition leader Kim Dae Jung tomorrow in order to smooth the way for economic and perhaps political reform legislation in the special National Assembly session that opens Monday.

Press reports indicate Roh may agree to some opposition demands regarding the first local elections in three decades, which he has promised to hold this year. He reportedly may agree to Kim's demand that candidates for local office be allowed to have affiliations with a political party; in exchange, Roh reportedly wants to delay county-level races.

Press reports say reform of tax and real estate laws will top Roh's legislative agenda. The ruling party is sending mixed signals, however, on revising the controversial National Security Law, which has been used to jail antigovernment activists. Roh will agree to opposition demands to decriminalize the act of publicly praising North Korea, but party leaders yesterday ruled out major revision of the law because of the continued North Korean threat.

Comment: Although he has a 3-to-1 majority in the legislature, Roh appears eager to win bipartisan support to persuade skeptics that the Democratic Liberal Party can govern constructively and responsibly. Roh's historic meeting with Mikhail Gorbachev last week boosted the ruling party's approval rating from 14 to 36 percent, and he probably is confident that making some concessions will further improve the DLP's standing and put Kim Dae Jung on the spot to meet him halfway. Roh's reform proposals may also be intended to appease party chairman Kim Young Sam, who has been advocating such policies since joining the ruling camp in January.

Roh undoubtedly hopes to avoid repeating the debacle of the special legislative session in March, when DLP efforts to strong-arm passage of a major bill evoked sharp public criticism and stalled all other legislation. The public clearly has high expectations, and Roh risks losing his recent gains in the polls if he fails to deliver, especially on local elections. Reneging on revising the National Security Law would spark strong criticism from Kim Dae Jung and could threaten the good will developed over the past month between Roh and Kim Young Sam.

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CENTRAL AMERICA:

Summit To Focus on Economic Issues

The summit, which opens today in Guatemala, probably will take steps to strengthen regional economic cooperation but will be short on specifics.

The agenda is dominated by proposals to revive regional economic cooperation and coordinate foreign aid. According to press reports, the Presidents will discuss mechanisms to revitalize regional trade and to increase trade with the rest of the world by establishing uniform tariff, exchange rate, and other economic policies. Strategies to facilitate and coordinate foreign aid, including a US proposal for a multilateral donors group, will also be discussed.

Comment: The Presidents probably will reach broad agreement on the need for a single economic bloc and will have working groups study specific issues. They probably will avoid discussing contentious points, leaving to working groups discussions of obstacles such as trade imbalances and differing levels of development and competitiveness. The Presidents are not likely to endorse publicly a proposal for coordinating external aid, preferring to discuss specific concerns about the US strategy with Secretary Baker first.

Summit participants undoubtedly will discuss regional political issues. They may issue a joint statement that peace is a necessary condition for economic development and for endorsing dialogue between governments and guerrillas in **El Salvador** and **Guatemala**. **Nicaraguan** President Chamorro may highlight regional disarmament by unveiling her plan to reduce the size of the Sandinista Army.

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Bulgaria: First Round Election Results

Party	Number of Seats	Percentage of Seats
Bulgarian Socialist Party	172	43
Union of Democratic Forces	107	27
Movement for Rights and Freedoms	21	5
Agrarian Party	16	4
Other parties and independents	3	1
To be determined by runoff	81	20

BULGARIA: Runoff Sunday Likely To Be Close

Election results released yesterday indicate the ruling Bulgarian Socialist Party needs to win only 29 of the 81 runoff races to achieve a majority in the new legislature. Almost all the contests pit the leading opposition group, the Union of Democratic Forces, against the BSP, but leaders of other opposition parties have asked their supporters to vote against the Communists. Protests against the BSP's first round victory are winding down in a half dozen Bulgarian cities.

Comment: The opposition should do well in the runoff if leaders of the minor opposition parties can get their voters to the polls. The Communists' majority is likely to be slim, and the opposition may be in a position to help shape urgently needed economic and political reforms and constitutional amendments. The BSP itself contains many supporters of reform, some of whom may make common cause with the opposition.

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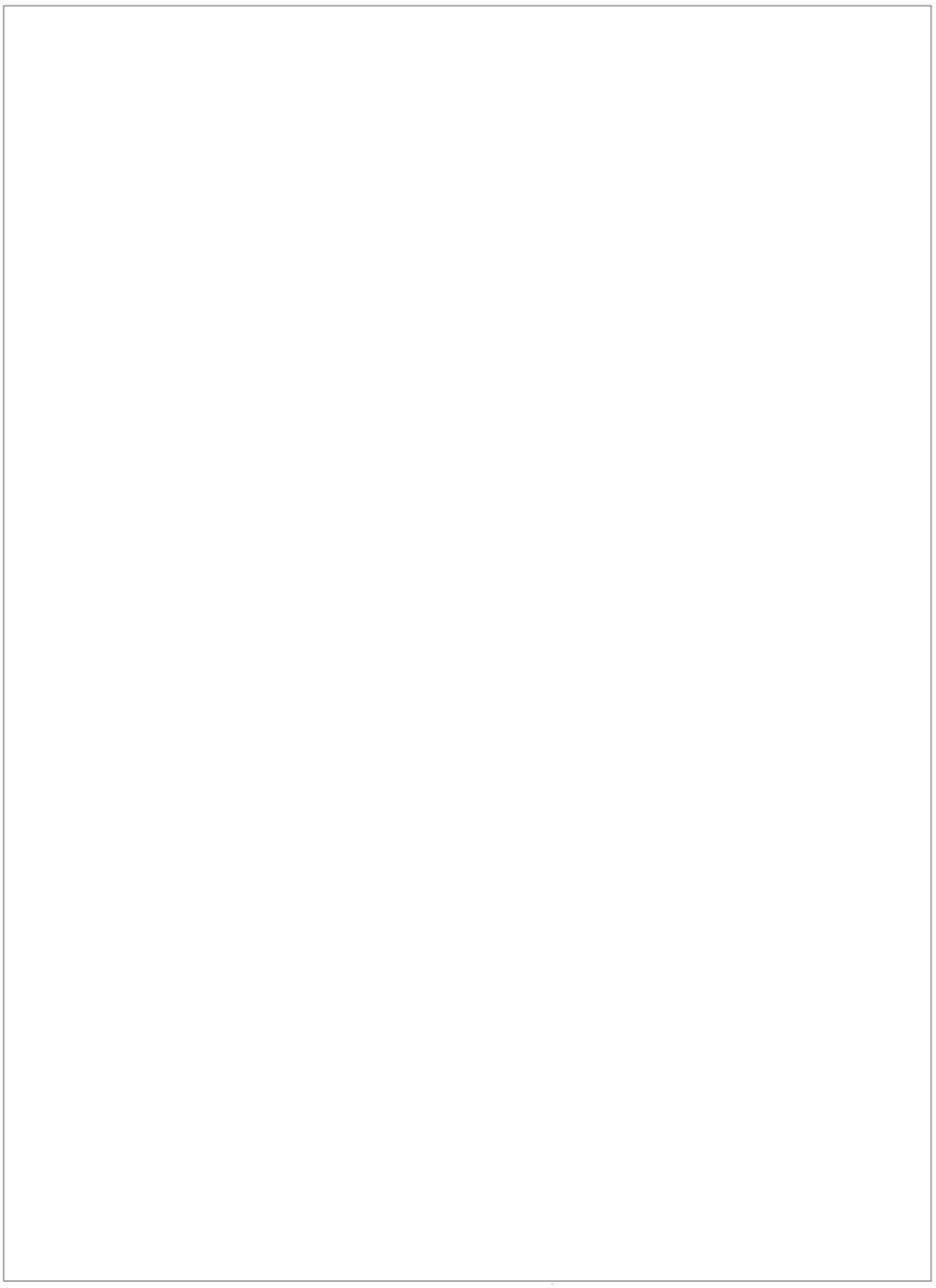

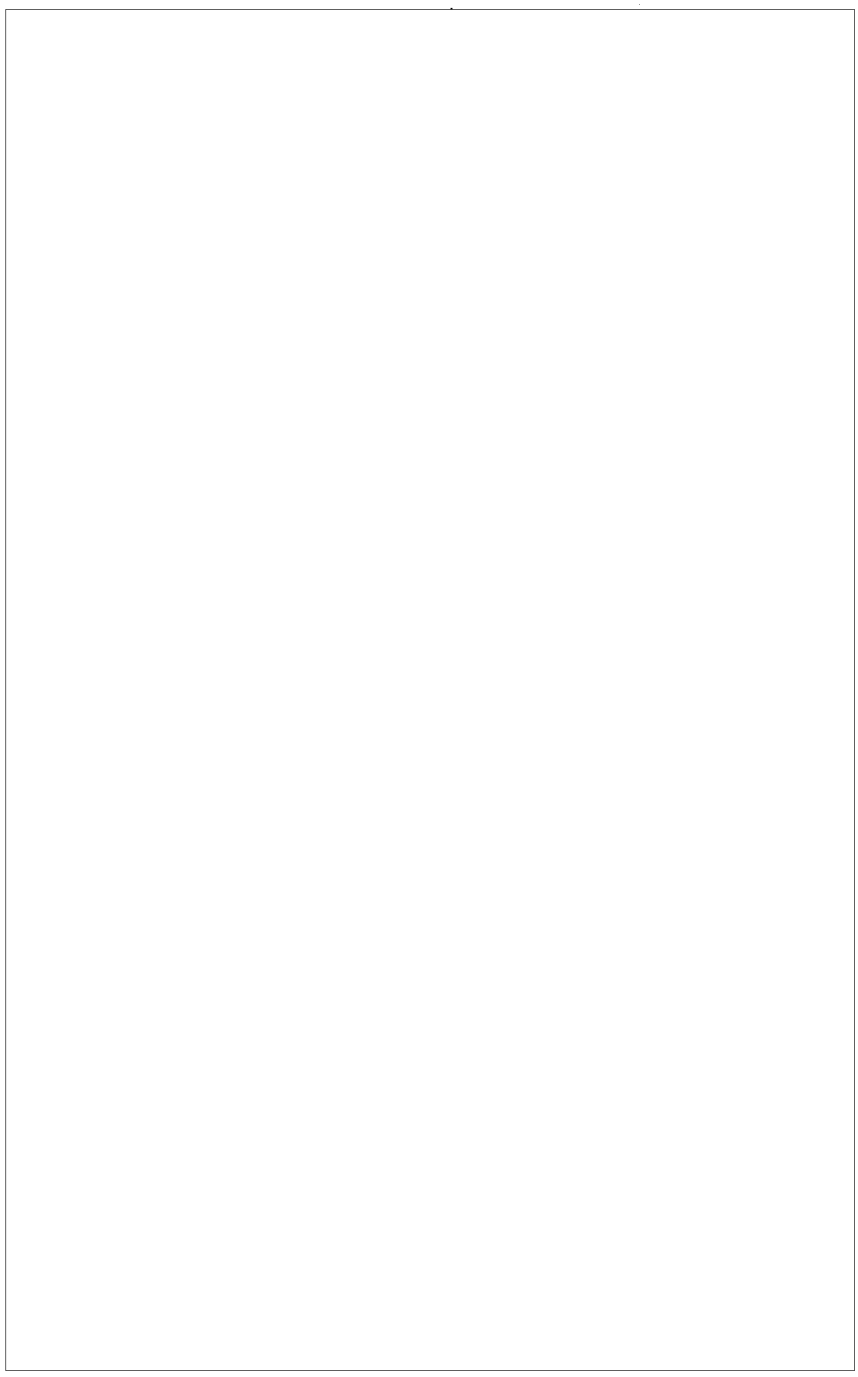

USSR: Supreme Soviet Rejects Bread Price Hikes

The legislature's 318 to 33 vote yesterday against the Soviet Government's proposal to triple prices of bread and bakery products on 1 July casts doubt on the deputies' willingness to adopt unpopular reform measures and bodes ill for the government's proposal to make most prices more reflective of supply and demand next year. The Supreme Soviet, which postponed further consideration of the issue until September, also rejected a compromise proposal by Gosplan Chairman Maslyukov to submit the issue to all 15 republic legislatures.

Comment: This is the first time the Supreme Soviet has defeated draft legislation favored by the government; it undoubtedly will play a more assertive role in future policymaking. Premier Ryzhkov's government had consistently backed the proposed price increases; President Gorbachev gave them only halfhearted endorsement, although he still strongly favors market reforms. This is the latest indication Gorbachev is distancing himself from Ryzhkov; the Premier probably will not survive if he fails to create a viable reform package by September.

USSR: Improving Enterprise Taxation

The enterprise tax bill the Supreme Soviet passed yesterday establishes a maximum 45-percent tax on the profits of most state enterprises. Currently, ministries often arbitrarily tax the most efficient firms at much higher rates. Foreign enterprises will pay a 30-percent rate; joint ventures, except for those engaged in services, will continue to be exempt from taxes for their first two years of profitability. The tax receipts will flow about equally into union and republic budgets, providing needed resources for republic autonomy. Profits in excess of a 30-percent return on capital will be confiscated.

Comment: The law is an important step in giving the government fiscal tools to regulate the economy and to pursue social goals as it dismantles administrative controls. It is also a victory for reformers, who lobbied against the government-proposed 55-percent rate. Nonetheless, a rate of 45 percent and the confiscation of "excess" profits are still likely to discourage entrepreneurial activity.

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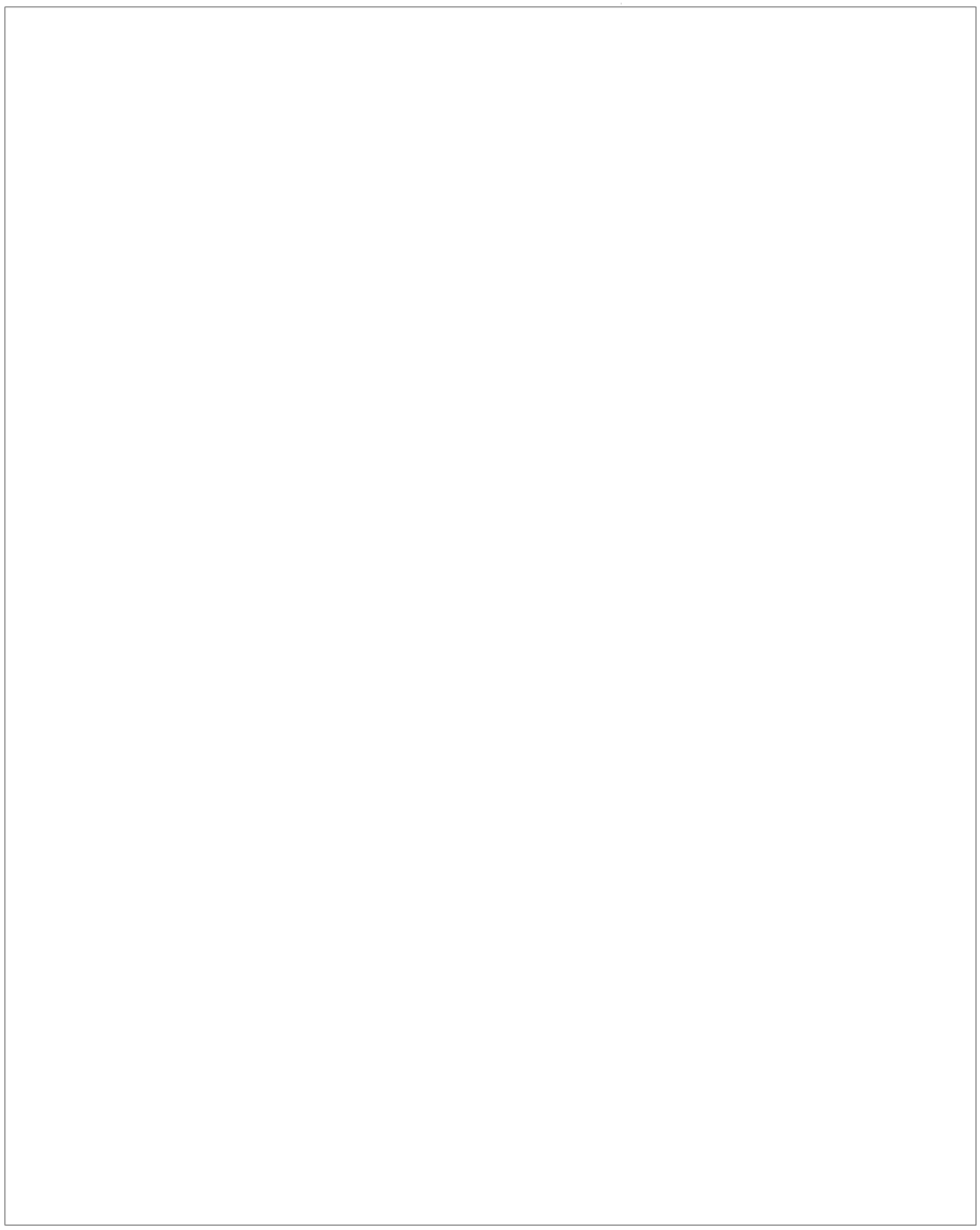

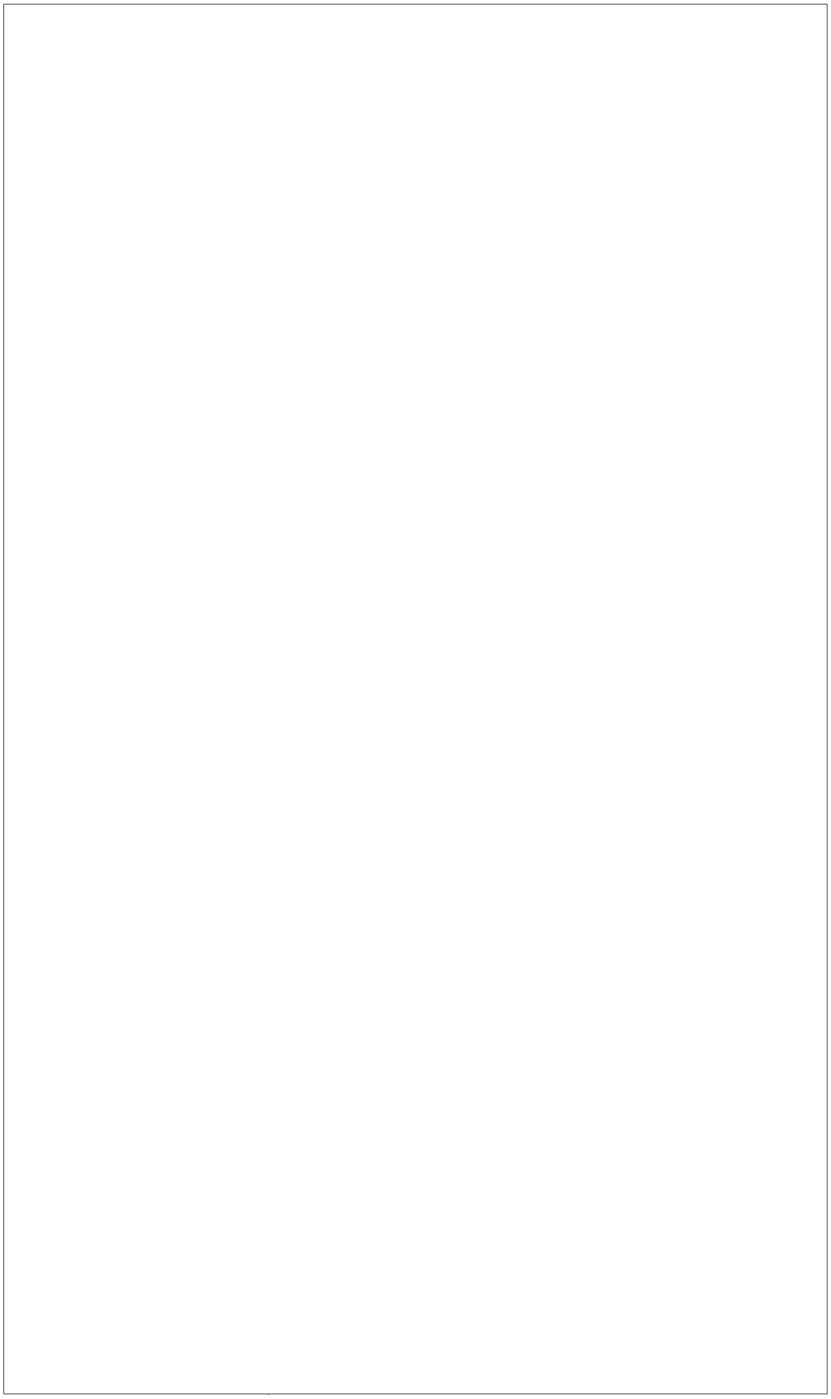

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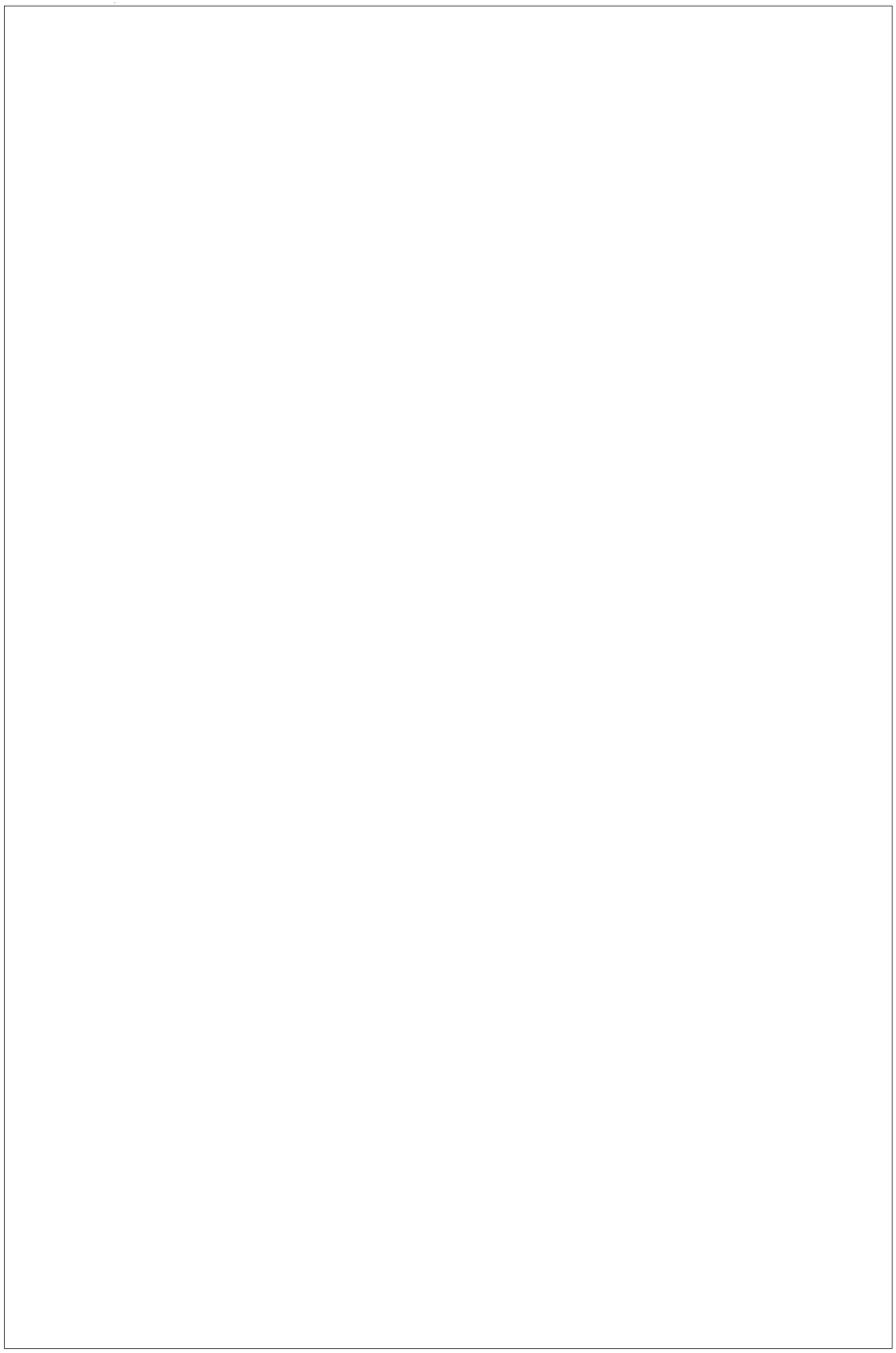

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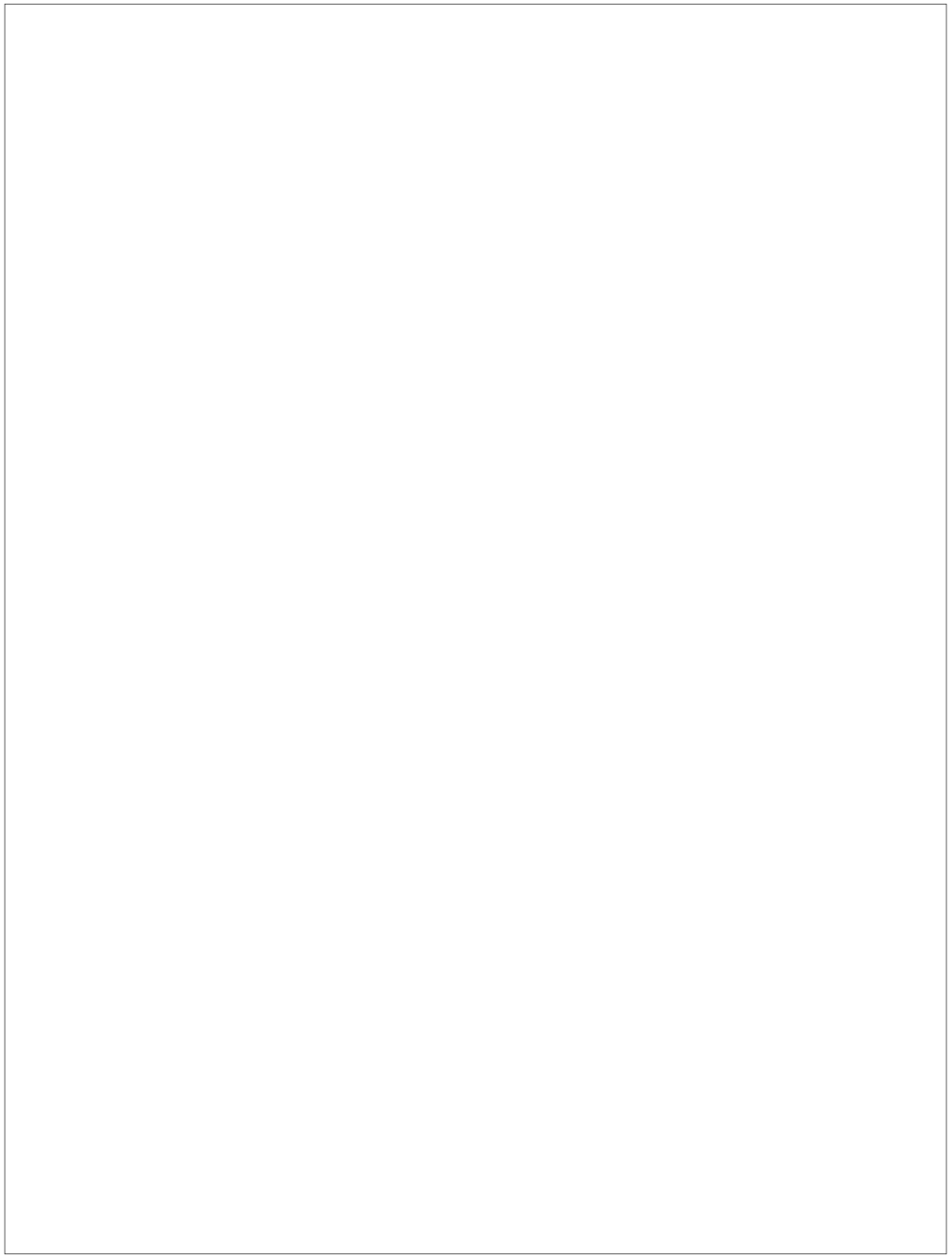

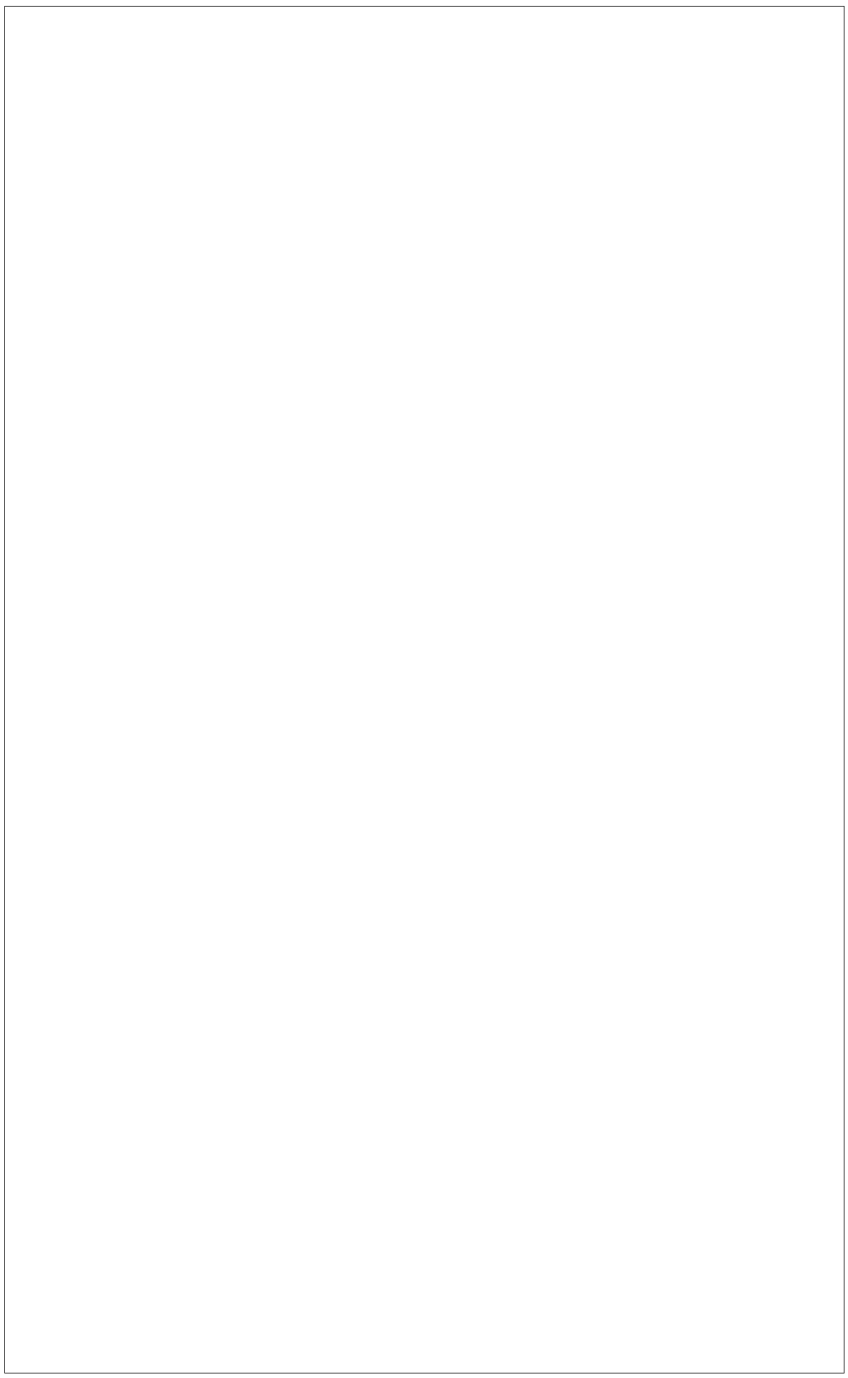

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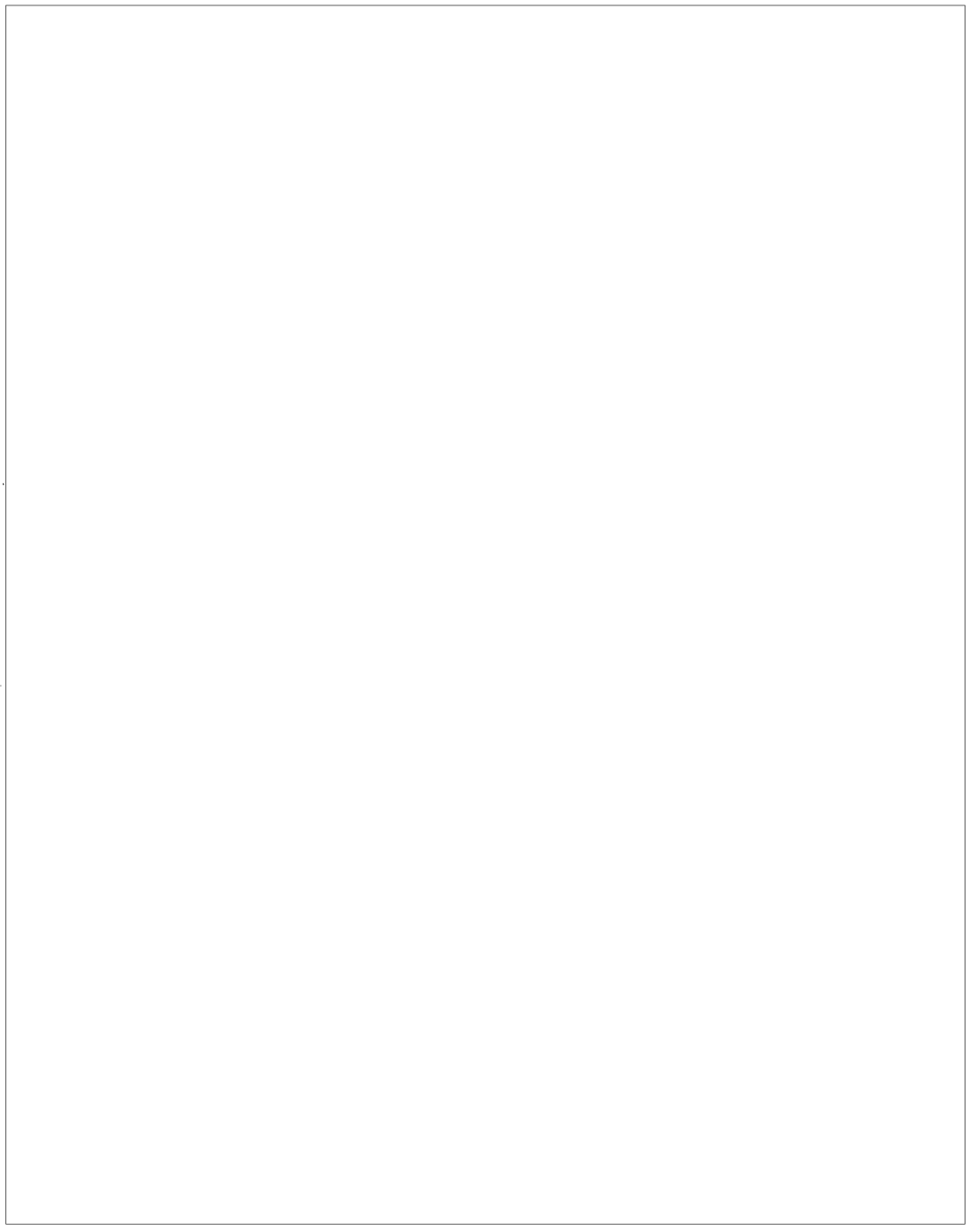

In Brief

USSR

— Russian Communists to elect own party leadership next week . . . Gorbachev ally Yuriy Manayenkov appears leading contender . . . ability to get supporter in top post will be key test of **USSR** President's control of new party.

— Muscovites reportedly to earn some pay in "Moscow rubles" for buying groceries in short supply . . . **Soviets** can buy additional food for standard rubles at higher prices . . . would improve supplies for locals at expense of nonresidents.

Americas

— **Nicaraguan** Government signed demobilization agreement with Southern Front insurgents Wednesday . . . some 1,000 to disarm by 25 July . . . peace agreements now reached with all three rebel groups.

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